



Foreign Direct Investment Program

SELECTED STATISTICS



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U.S.
DEPARTMENT
OF
COMMERCE
Office of
Foreign Direct
Investment

INTRODUCTION

The Foreign Direct Investment Program was established in January, 1968, to improve the U.S. balance of payments by limiting the use of U.S. funds to finance foreign direct investment by Americans. On January 29, 1974, with an improved U.S. balance of payments position, the Program was terminated. In administering the Program and assessing its effects, the Office of Foreign Direct Investments (OFDI) collected data on the foreign activities of approximately 3300 direct investors for the period 1968-71. The 1972 reporting requirements relieved an estimated 1700 small direct investors of the requirement to report to the Office annually; these reporters accounted for less than 2 percent of total direct investment in 1971. The 1973 reporting requirements relieved an additional 850 small direct investors of the requirement to report to the Office annually; these reporters accounted for approximately 6 percent of total 1972 direct investment.

This report presents aggregate statistics in three parts. Part I gives the results of the Program for 1973 along with comparable data for 1968-1972. Included are data on capital transfers, reinvested earnings, the use of proceeds of foreign borrowing, and regulated direct investment. When changes in the Foreign Direct Investment Regulations have had a significant effect on the data, appropriate adjustments have been made in Table I to maintain comparability, and the adjustments have been explained in the notes.

Since direct investors may exceed the limitation imposed by Program allowables by borrowing in foreign financial markets, the principal effect of the Program has been to shift financing of U.S. foreign investment to foreign sources. Part II summarizes the results of a survey of the \$15.8 billion of foreign borrowing reported to the Office as outstanding on December 31, 1973. This represents an increase of \$758 million from the December 31, 1972, total foreign borrowing of \$15.0 billion. Included are aggregate data on maturities, dates of origination, and currencies of outstanding foreign borrowing, and comparison of the 1973 debt structure with that of 1972, 1971 and 1970.

Part III presents outstanding foreign borrowing at the end of January and February 1974. The Foreign Direct Investment Program was terminated on January 29, 1974. The major effect of such termination was to reduce foreign borrowing by \$397 million from \$15,881 million on January 31, 1974 to \$15,484 million on February 28, 1974.

I. PROGRAM RESULTS FOR 1973

Regulated foreign direct investment--direct investment less use of proceeds of foreign borrowings--increased to \$9.2 billion in 1973 from \$5.3 billion in 1972, primarily as a result of a \$3.6 billion increase in reinvested earnings, and partly because Program liberalization significantly relieved borrowing requirements. Excluding the effect of foreign borrowings, direct investment (capital transfers and reinvested earnings) increased from \$8.1 billion in 1972 to \$10.8 billion in 1973, the largest direct investment during the existence of the Program.

The data summarized in Table I show direct investment as charged under the Foreign Direct Investment Program (FDIP) less deductions for the use of proceeds of qualified long-term foreign borrowing by direct investors. Regulated direct investment figures exclude Canada, since the FDIP did not regulate investment in Canada. The 1973 figures do not include January, 1974, use of proceeds of foreign borrowing transactions permitted to be used to offset 1973 direct investment.

Transfers of capital from the U.S. were \$4.3 billion in 1973 as compared with \$5.2 billion in 1972. Transfers of capital represent net transfers by direct investors to their incorporated and unincorporated affiliated foreign nationals associated with changes in direct investors' equity or debt interest in such affiliates. Included in transfers of capital are \$38 million of Program compliance charges for indirect transfers of capital made in connection with parallel and triangular financing arrangements, and \$67 million of "deemed" transfers charged pursuant to specific authorizations or compliance penalties.

Under the Program, direct investors' repayment of long-term foreign borrowing is treated as a transfer of capital, to the extent that the proceeds of the borrowing were expended in making transfers of capital on or after January 1, 1965, or were allocated. Conversions by foreigners of direct investors' convertible debentures are also treated as transfers of capital. Thus, transfers of capital as calculated here are not equivalent to net U.S. foreign direct investment capital outflows as presented in official U.S. balance of payments statistics.

A significant part of the 1973 capital transfers (41.9%) is attributable to debt repayment and conversions, which amounted to \$1,798 million in 1973. Debt repayments and conversions included as capital transfers in Table I are as follows:

<u>Debt Repayments and Conversions</u> (millions of dollars)					
<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
28	360	299	1,151	1,297	1,798

Capital transfers arising from debt repayment are ascribed to the scheduled area in which the proceeds of the borrowing were considered used; the schedular distribution of these repayments in 1970, 1971, 1972, and 1973 was as follows:

<u>Schedular Distribution of Debt Repayments and Conversions</u> (millions of dollars)				
	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Schedule A	65	238	382	240
Schedule B	42	321	258	331
Schedule C	<u>192</u>	<u>592</u>	<u>657</u>	<u>1,227</u>
Total	299	1,151	1,297	1,798

In 1973, reinvested earnings were \$6.5 billion, compared with \$2.8 billion in 1972. Reinvested earnings include the direct investor's share of earnings after foreign taxes of its incorporated foreign affiliates, less dividends declared, but before deduction from those dividends of withholding taxes paid to foreign governments.

Under the OFDI Regulations, some direct investors may elect to treat dividends paid in the first 60 days of one year as having been paid in the previous year. Reinvested earnings reported in Table I for the years 1968-1973 are based on the dividend treatments used by each direct investor. In Table I total losses of incorporated foreign affiliates in Schedule C are included in computations of reinvested earnings, although for compliance purposes certain direct investors are required to exclude such losses when computing positive direct investment for 1968-1973.

Direct investors may "use" the proceeds of qualified non-Canadian foreign borrowing to reduce regulated positive direct investment under the Foreign Direct Investment Program. Such "use" in the regulatory program means actually expending the proceeds in making transfers of capital prior to July 1, 1972, or "allocating" the proceeds against positive direct investment. Such proceeds can be used whether or not the underlying borrowing was made in the current or a previous year. Use of foreign borrowing to offset 1973 direct investment amounted to \$3.1 billion (including \$1,558 million during January and February, 1974), up from \$2.8 billion used in 1972.

Since the foreign direct investment controls were terminated on January 29, 1974, the use of proceeds data for the first 60 days of 1974 is tenuous. The direct investors indicated to the Office the amount of proceeds each would have used during the first 60 days of 1974 to effect 1973 compliance had the Program remained in effect during 1974. The resulting use of proceeds figure for 1973 does not indicate the actual use of proceeds for the January-February 1974 period.

Since March, 1968, there has been no restriction on direct investment in Canada. Total unregulated direct investment in Canada was \$1.8 billion in 1973 as compared with \$1.2 billion in 1972; transfers of capital to Canada for 1973 were \$337 million as compared to \$307 million in 1972; and reinvested earnings were \$1,444 million for 1973 as compared to \$931 million for 1972.

TABLE I

REGULATED DIRECT INVESTMENT, 1968-1973
(millions of dollars)

<u>TOTAL, ALL REGULATED SCHEDULES, EXCLUDING CANADA</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Transfers of capital ^{1/}	2321	3427	4406	6151 ^{2/}	5226 ^{2/}	4292
Reinvested earnings	1129	1530	2106	2059	2846	6471
Direct Investment	3450	4957	6512	8210	8072	10763
Deduction for use of proceeds	(2209)	(2603)	(2762)	(3297) ^{3/}	(2778) ^{3/}	(1523) ^{4/}
Regulated direct investment	1241	2354	3750	4913	5294	9240
<u>SCHEDULE A</u>						
Transfers of capital	820	993	1461	2211	1859	1199
Reinvested earnings	529	503	838	635	815	2076
Direct Investment	1349	1496	2299	2846	2674	3275
Deduction for use of proceeds	(595)	(455)	(640)	(618)	(282)	(73)
Regulated direct investment	754	1041	1659	2228	2392	3202
<u>SCHEDULE B, EXCLUDING CANADA</u>						
Transfers of capital	762	1130	1509	1467	1057	(520)
Reinvested earnings	409	423	569	760	1005	1726
Direct Investment	1171	1553	2078	2227	2062	1206
Deduction for use of proceeds	(642)	(638)	(709)	(784)	(730)	(300)
Regulated direct investment	529	915	1369	1443	1332	906
<u>SCHEDULE C</u>						
Transfers of capital	739	1304	1436	2473	2310	3613
Reinvested earnings	191 ^{5/}	604 ^{5/}	699 ^{5/}	664 ^{5/}	1026 ^{5/}	2669 ^{5/}
Direct Investment	930	1908	2135	3137	3336	6282
Deduction for use of proceeds	(972)	(1510)	(1413)	(1895)	(1766)	(1150)
Regulated direct investment	(42)	398	722	1242	1570	5132
<u>MEMORANDUM: CANADA</u>						
Transfers of capital	459	744	845	397	307	337
Reinvested earnings	649	716	664	898	931	1444
TOTAL	1108	1460	1509	1295	1238	1781

Notes to Table I

- 1/ Debt repayment by direct investors of long-term foreign borrowings as well as repayment of overseas and proceeds borrowings is included in the transfers of capital figures under the Foreign Direct Investment Program. Such debt repayment treated as transfer of capital amounted to \$360 million in 1969, \$299 million in 1970, \$1,151 million in 1971, \$1,297 million in 1972, and \$1,798 million in 1973.

Foreigners' conversion of debt obligations into equity securities of the direct investor are recorded in Table I as transfers of capital in the year of conversion. The same treatment is accorded to debt obligations of direct investors' foreign incorporated overseas finance subsidiaries, when such debt obligations are converted by foreigners into equity securities of the direct investor. For compliance purposes, however, transfers of capital charged for such conversions are deferred until the following year. Such conversions and the year they occurred are: \$41 million in 1968, \$37 million in 1969, \$67 million in 1970, \$115 million in 1971, \$75 million in 1972, and \$58 million in 1973.

- 2/ Capital transfers for 1971 include an adjustment of \$194 million of negative transfers of capital taking place during the January and February 1972 extension of the 1971 compliance year, in the case of those DIs which meet the requirements of Section 313 (e) (1) of the Regulations and elect to avail themselves of its provisions. Capital transfers for 1972 include an adjustment of \$127 million of negative transfers of capital estimated to have taken place during the January and February 1973 extension of the 1972 compliance year.

- 3/ Use of proceeds for 1971 includes an additional \$391 million allocated from available proceeds during January and February, 1972, to offset 1971 direct investment. Use of proceeds for 1972 includes an additional \$674 million allocated from available proceeds during January and February, 1973, to offset 1972 direct investment.

- 4/ Use of proceeds for 1973 included also an additional \$1,558 million allocated from available proceeds during January and February, 1974, to offset 1973 direct investment; since the Program ended on January 29, this figure is somewhat hypothetical, and is not included in the figure shown in Table I.

- 5/ Although direct investors electing historical or earnings allowables in 1968 through 1971 were required to exclude total losses of incorporated foreign affiliates in Schedule C when computing regulated direct investment for Schedule C, such losses of \$210 million in 1968, \$104 million in 1969, \$96 million in 1970, \$116 million in 1971, \$180 million in 1972 and \$20 million in 1973 are included in reinvested earnings reported on Table I.

II. SURVEY OF LONG-TERM FOREIGN AND OVERSEAS BORROWING OUTSTANDING ON DECEMBER 31, 1973

The main thrust of the Foreign Direct Investment Program was to induce the direct investor to shift financing of foreign direct investment to foreign sources, since direct investors could thus exceed the limitations imposed by Program allowances. By yearend 1973, some \$15.8 billion of such Program-related debt had accumulated, an increase of about \$758 million, or 5% over the \$15.0 billion outstanding at the end of the previous year.* The increase occurred primarily in the category of funded debt. The results of a survey of this outstanding debt are set forth below.

Direct investors which made long-term foreign or overseas borrowing through an overseas finance subsidiary during the period January 1, 1965 through December 31, 1973, of which \$2,000,000 or more was outstanding at any time from October 1, 1973 through December 31, 1973, were required to report details of these loans on Supplement F of the cumulative fourth-quarter FDI-102 report for the year 1973. A copy of the Supplement F with its instructions is included here as pages 21 and 22. Of the 606 fourth-quarter reporters**, 360 filed Supplement F, covering \$15,805 million of foreign and overseas borrowing.

The 1973 figure included \$6.1 billion of short- and medium-term bank loans (38.4% of the total debt) as compared with \$6.2 billion (41.2%) in 1972, \$5.9 billion (45.3%) in 1971, and \$5.9 billion (52.0%) in 1970 (see Table V for year-to-year comparisons). As in past years, the bulk of the increase in borrowings occurred in funded debt, which increased to \$9.0 billion (56.8% of the total debt) from \$8.1 billion (53.9%) in 1972, \$6.4 billion (49.8%) in 1971, and \$5.2 billion (46.1%) in 1970. Miscellaneous financing amounting to \$756 million, 4.8% of the total, has not shown significant change from 1972's \$752 million, 5.0% of the total.

The trend toward more permanent financing is evident. Of the increase in funded debt of \$868 million in 1973 from the previous year, "straight" (non-convertible) bonds made up \$621 million of the increase, with public offerings of bonds making up \$338 million and private placements \$283 million of the increase.

*The data for foreign borrowing outstanding as of December 31, 1971, in FDIP "Selected Statistics," August 1972, were adjusted to include \$314 million of January and February, 1972, foreign borrowings used to offset 1971 investment. The figures contained in this Table V for 1971 outstanding foreign borrowing are without such adjustment.

**Of the 735 direct investors reporting for 1973, 606 were quarterly reporters and 129 were annual reporters only.

A market factor which probably contributed to this trend in 1973 was a sharply inverted yield structure: long-term bond rates were below short-term bank rates in nearly every month in 1973, sometimes by surprising amounts: at the end of August, the differential was 3.57% (see Table below).

Differential Between Bond and Short-Term Interest
Rates in the European Market by Months, 1973

	Jan.	Feb.	Mar.	April	May	June
Short-Term*	6.73	8.08	8.89	8.78	9.07	9.80
Bonds**	<u>7.54</u>	<u>7.77</u>	<u>7.90</u>	<u>7.96</u>	<u>8.51</u>	<u>8.53</u>
Differential	-.81	.31	.99	.82	.56	1.27
	July	Aug.	Sept.	Oct.	Nov.	Dec.
Short-Term*	10.96	12.05	11.78	10.56	10.49	11.19
Bonds**	<u>8.61</u>	<u>8.48</u>	<u>8.36</u>	<u>8.12</u>	<u>8.27</u>	<u>8.26</u>
Differential	2.35	3.57	3.42	2.44	2.22	2.93

*Short-Term - Daily average, 3-month London Interbank Euro-dollar offer rate plus one-half percentage point. Source: "The Money Manager."

**Bonds - International bond yields at end of month for U.S. corporations. Source: "World Financial Markets," Morgan Guaranty Trust Co. of N.Y.

Corporate treasurers' anticipation of rising interest rates may have been another factor leading them to emphasize longer maturities over shorter as they sought to acquire funds at what might later seem relatively low rates. It is possible that difficulties in the U.S. domestic market for equities, which caused seekers of long-term funds to turn to the bond market in the United States, may also have caused some to turn to European bond markets, as at times European rates were competitive with New York rates.

Convertible debentures were the most favored form of foreign borrowing in 1968, probably because of lower interest costs and a booming U.S. equity market, but since then convertibles have declined in popularity, probably reflecting the vicissitudes of the U.S. equity market in subsequent years. Convertible debentures, which accounted for 34.7% of the increase in debt in 1972, accounted for 32.6% in 1973, their lesser popularity no doubt deriving from difficulties in U.S. equity markets in 1973.

There has also been a trend toward reduction of short-term bank debt. Short-term bank loans have declined historically from \$2.3 billion, or 20.2% of the total, in 1970, to \$2.0 billion, or 12.7% of the total, in 1973. This decrease in short-term bank loans probably reflects the higher cost of such borrowings relative to longer maturities as noted above, as well as competitive pricing of medium-term and long-term borrowings and a shift in borrower preference to the greater liquidity protection offered by such longer-term facilities.

Bank term loans in absolute amounts have remained at about the four billion dollar level for the past three years. Since the total debt has increased during this same period, this type of credit, in relative terms, has represented a declining proportion of the total debt. In 1970 bank term loans were \$3.6 billion, 31.8% of the total debt; in 1971, \$4.0 billion, 31.3% of the total; in 1972, \$3.9 billion, 26.2% of the total; and in 1973, \$4.1 billion, 25.7% of the total.

Foreign currency borrowings (see Table IV) outstanding at the end of 1973 amounted to \$5.2 billion, or 32.9% of the total debt, as compared with \$4.9 billion, 32.4% of the total in 1972, with \$4.5 billion, 34.6% of the total in 1971, and with \$3.8 billion, 33.5% of the total in 1970. Remarkably, foreign currency loans remained at about the same proportion of the whole despite continued world monetary upheavals such as the dismantling of the Bretton Woods fixed exchange rate system, the devaluation of the dollar, and the acceptance of floating exchange rates during the period. Foreign currency borrowings were predominantly in the form of longer-term instruments, mostly bank term loans and bonds; only \$520 million (3.3% of the \$15.8 billion of all types of loans outstanding) of the more volatile short-term bank loans were denominated in foreign currencies. The direct investor borrowing foreign currency normally expects to service the loan with foreign currencies generated overseas rather than with dollars.

The major currency composition of the outstanding debt for yearend 1971, 1972 and 1973 is shown below:

Comparison of Outstanding Foreign Borrowing by Currency (billions of dollars)						
	<u>1971</u>		<u>1972</u>		<u>1973</u>	
	\$	%	\$	%	\$	%
Dollar	8.5	65.9	10.2	68.0	10.6	67.1
Swiss Franc	1.7	13.2	2.0	13.3	2.2	13.8
Mark	1.5	11.6	1.4	9.3	1.5	9.5
Guilder	.3	2.3	.4	2.7	.5	3.0
Sterling	.3	2.3	.4	2.7	.4	2.6
Lire	.2	1.6	.2	1.3	.1	.9
Other	.4	3.1	.4	2.7	.5	3.1
Total	12.9	100.0	15.0	100.0	15.8	100.0

The Swiss franc was the most commonly utilized currency after the dollar in 1973, 1972 and 1971. In 1970 the West German Deutschemark was in second place constituting \$1.7 billion, or 14.5%, of the total debt outstanding at that time. Deutsche-mark loans have been decreasing as a proportion of the total debt in all currencies each year. Total Deutschemark bank term loans decreased to \$385 million in 1973 from \$435 million in 1972, from \$507 million in 1971 and from \$1.0 billion in 1970. On the other hand, Swiss franc bond issues have consistently increased from \$290 million in 1970 to \$784 million in 1971, to \$1,036 million in 1972, and to \$1,279 million in 1973. The third most heavily borrowed foreign currency after the Swiss franc and the West German Deutschemark has consistently been the Dutch guilder.

Not all of the reported foreign borrowing has been used as an offset to direct investment under the FDIP program. As of the end of 1973, \$4.3 billion remained unused in the form of available proceeds, of which \$3.0 billion was held in the U.S., \$.9 billion abroad; a further \$.4 billion was expended in transfers of capital, but not allocated, hence still considered to be available proceeds.

Of the \$15.8 billion of outstanding foreign borrowings, \$11.6 billion is long-term foreign borrowing by direct investors, and \$4.2 billion is overseas borrowing by overseas finance subsidiaries (OFS's) of direct investors. Long-term foreign borrowings are defined in Section 324 of the Foreign Direct Investment Regulations as qualified borrowings contracted by the direct investor from unaffiliated foreign nationals that have been or will be continuously outstanding for at least 12 months. Such borrowing by direct investors enters the official balance of payments table of accounts compiled by the Bureau of Economic Analysis (Table 2) on lines 50, 51, and 52, where it is reported as foreign purchases of U.S. securities other than Treasury issues, and short- and long-term non-liquid liabilities of U.S. non-banking concerns to foreigners. Such entries are treated as inflows for balance of payments accounting purposes and offset direct investment outflows. Overseas borrowings as defined in Subpart N of the Foreign Direct Investment Regulations may also be used to offset foreign direct investment if the proceeds of such borrowings are lent to the direct investor parent, thereby constituting a favorable balance of payments inflow for the United States. On the other hand, if the OFS lends proceeds of an overseas borrowing to a foreign affiliate of the direct investor, there is no Program charge to the direct investor, and such loans do not directly enter the U.S. balance of payments accounts.

These statistics may differ from other published documents covering similar ground. Some of the differences may be attributable to reporting requirements, i.e., the U.S. borrower must be a direct investor under the OFDI program, and must have foreign borrowings of \$2 million or more.

Furthermore, definitional and interpretational differences exist for categories of foreign borrowings. For example, private placements of straight debt and bank loans are in some instances difficult to differentiate, particularly since some European banks engage in both investment and commercial banking. European banks often place loans in trust accounts of the bank and thereby blur the reporting of the borrowing. Similarly, there is a tendency on the part of DI's to blur the distinction between short-term renewable credits and utilization of revolving credits which have a maturity beyond one year.

Table III, showing year of origination for the long-term foreign borrowing outstanding at 1973 yearend, indicates the original year of borrowing for the foreign borrowing presently outstanding. These borrowings may be a renewal of previously outstanding borrowing with different dates of origination. Borrowings originating in 1973 and outstanding at the end of 1973 totaled \$4.0 billion, compared with \$3.6 billion of those originated in 1972 and still outstanding at the end of 1973. The latter figure reflected repayment of about \$1.6 billion during 1973 of the \$5.2 billion in borrowings originating in 1972 and outstanding at the end of 1972.

III. LONG-TERM FOREIGN AND OVERSEAS BORROWING OUTSTANDING
ON JANUARY 31, 1974 and FEBRUARY 28, 1974

Before the Foreign Direct Investment Program was terminated on January 29, 1974, there was some additional borrowing in January for 1973 compliance purposes (the Program permitted direct investors to do compliance borrowing for 1973 during January and February, 1974). Total foreign borrowing increased by \$76 million, from \$15,805 million on December 31, 1973, to \$15,881 million on January 31, 1974 (see Table VI). Increased foreign borrowing was most marked in short-term loans from foreign banks. The increase was \$122 million, from \$723 million on December 31, 1973, to \$845 million on January 31, 1974, and occurred primarily in foreign currency loans.

Foreign borrowings decreased markedly in February after the announcement of Program termination. The decrease was \$397 million, from \$15,881 million on January 31, 1974, to \$15,484 million on February 28, 1974. Although pay-downs occurred in almost every category of borrowing, they were most significant in short-term dollar loans from foreign branches of U.S. banks, which declined \$217 million, from \$1,288 million on January 31, 1974, to \$1,071 million on February 28, 1974.

The decline in DI borrowings from U.S. foreign branches during February probably reflects the loss of the exemption from Regulation M reserve requirements which loans made to DI's for FDIP purposes had. As long as the FDIP was in effect, loans made by foreign branches of U.S. banks to DI's for Program compliance purposes were exempted from the Federal Reserve's Regulation M reserve requirements. The exemption enabled U.S. banks to offer loans to U.S. DI's at rates competitive with foreign banks, to which the Regulation M reserve requirement was not applicable. Loss of this exemption for loan renewals after Program termination gave foreign banks a competitive cost advantage over foreign branches of U.S. banks in making loans to U.S. residents.

TABLE III
SUMMARY OF OUTSTANDING FOREIGN BORROWING BY YEAR OF ORIGINATION*
(millions of dollars)

SHORT-TERM	OUTSTANDING 12/31/73	Thru 1967	1968	1969	1970	1971	1972	1973
1/ Foreign Banks Foreign Branches of U.S. Banks Subtotal	723 1,285 2,008	0 24 24	1 32 33	0 23 23	39 98 137	5 47 52	71 101 172	608 959 1,567
BANK TERM LOANS 2/ Foreign Banks Foreign Branches of U.S. Banks Subtotal	2,843 1,227 4,070	12 18 30	118 144 262	304 17 321	524 81 605	436 195 631	905 300 1,205	545 471 1,016
BONDS Public Offerings Private Placements Subtotal	4,045 1,321 5,366	260 17 277	421 137 558	435 64 499	456 117 573	1,013 276 1,289	949 305 1,254	512 404 916
CONVERTIBLE DEBENTURES Public Offerings Private Placements Subtotal	3,475 130 3,605	498 0 498	1,245 18 1,263	383 0 383	81 18 99	233 10 243	789 54 843	246 30 276
OTHER 3/ GRAND TOTAL	756 15,805	12 841	74 2,190	68 1,294	143 1,557	105 2,320	83 3,557	271 4,046

1/2/3/See notes on p. 18.

* See p. 18.

Detail may not add to totals due to rounding.

TABLE IV
OUTSTANDING FOREIGN BORROWING BY CURRENCY*
(millions of dollars)

SHORT-TERM ^{1/}	OUTSTANDING 12/31/73	Dollar	Swiss Franc	Mark	Guilder	Sterling	Lire	Belgian Franc	Other
Foreign Banks	723	485	80	90	43	5	13	0	6
Foreign Branches									
Of U.S. Banks	1,285	1,004	126	78	20	20	2	9	27
Subtotal	2,008	1,489	206	168	63	25	15	9	33
BANK TERM LOANS ^{2/}									
Foreign Banks	2,843	1,341	549	371	239	56	80	134	73
Foreign Branches									
of U.S. Banks	1,227	1,030	82	14	14	62	0	3	22
Subtotal	4,070	2,371	631	385	253	118	80	137	95
BONDS									
Public Offerings	4,045	2,514	800	528	103	29	0	18	53
Private Placements	1,321	492	479	179	55	88	1	7	20
Subtotal	5,366	3,006	1,279	707	158	117	1	25	73
CONVERTIBLE DEBENTURES									
Public Offerings	3,475	3,055	30	222	0	143	0	0	25
Private Placements	130	102	4	6	0	0	18	0	0
Subtotal	3,605	3,157	34	228	0	143	18	0	25
OTHER ^{3/}	756	578	26	12	0	4	33	2	101
GRAND TOTAL	15,805	10,601	2,176	1,500	474	407	147	173	327
Percent	100.0	67.1	13.8	9.5	3.0	2.6	.9	1.1	2.0

^{1/} 2/ 3/ See notes on p. 18.

*See p. 18.

Details may not add to totals due to rounding.

TABLE V
COMPARISON OF DECEMBER 31, '70, '71, '72, and '73 OUTSTANDING FOREIGN BORROWING*
(millions of dollars)

	12-31-70		12-31-71		12-31-72		12-31-73		Inc. from previous period
	\$	%	\$	%	\$	%	\$	%	
SHORT TERM ¹									
Foreign Banks	800	7.1	675	5.2	795	5.3	723	4.6	-72
Foreign Branches of U.S. Banks	1,471	13.1	1,130	8.7	1,451	9.6	1,285	8.1	-166
Subtotal	2,271	20.2	1,805	14.0	2,246	14.9	2,008	12.7	-238
BANK TERM LOANS ²									
Foreign Banks	2,571	24.4	2,651	20.5	2,746	18.2	2,843	18.0	97
Foreign Branches of U.S. Banks	836	7.4	1,396	10.8	1,200	8.0	1,227	7.7	-27
Subtotal	3,588	31.8	4,047	31.3	3,946	26.2	4,070	25.7	124
TOTAL BANK DEBT	5,859	52.0	5,852	45.3	6,192	41.2	6,078	38.4	-114
BONDS									
Public Offering	1,922	17.1	2,941	22.8	1,109	24.6	4,045	25.6	338
Private Placements	545	4.8	867	6.7	322	6.9	1,321	8.4	283
Subtotal	2,467	21.9	3,808	29.5	1,341	31.5	5,366	34.0	621
CONVERTIBLE DEBENTURES									
Public Offerings	2,606	23.1	2,588	20.0	-18	21.7	3,475	22.0	212
Private Placements	123	1.1	32	.2	-91	.6	130	.8	35
Subtotal	2,729	24.2	2,620	20.3	-109	22.3	3,605	22.8	247
TOTAL FUNDED DEBT	5,196	46.1	6,428	49.8	1,232	53.9	8,971	56.8	868
OTHER ³	210	1.9	638	4.9	428	5.0	756	4.8	4
GRAND TOTAL**	11,265	100.0	12,918	100.0	1,653	100.0	15,805	100.0	758
FOR. CUR. BORROWING	3,778	33.5***	4,467	34.6***	689	32.4***	5,204	32.9***	330

1/ 2/ 3/ See notes on p. 18.

*See p. 18.

**Although Supplement F data were not collected for years prior to 1970, figures from FDI-102F and other sources for the prior years indicate total outstanding foreign borrowings at yearend in millions of dollars as follows:

1965	1966	1967	1968	1969
\$382	\$1,327	\$2,000	\$5,876	\$8,111

***Percent of total outstanding foreign borrowing for the respective year denominated in foreign currencies. Details may not add to totals due to rounding.

TABLE VI

COMPARISON OF DECEMBER 31, 1973, JANUARY 31, 1974 and FEBRUARY 28, 1974 OUTSTANDING FOREIGN BORROWING
(millions of dollars)

	12-31-73		1-31-74		Chg. from 12-31-73		2-28-74		Chg. from 12-31-73		Chg. from 1-31-74	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
SHORT TERM¹												
Foreign Banks	723	4.6	845	5.3	122		876	5.7	153		31	
Foreign Branches of U.S. Banks	1,285	8.1	1,288	8.1	3		1,071	6.9	-214		-217	
Subtotal	2,008	12.7	2,133	13.4	125		1,947	12.6	-61		-186	
BANK TERM LOANS²												
Foreign Banks	2,843	18.0	2,830	17.8	-13		2,780	17.9	-63		-50	
Foreign Branches of U.S. Banks	1,227	7.7	1,187	7.5	-40		1,124	7.3	-103		-63	
Subtotal	4,070	25.7	4,017	25.3	-53		3,904	25.2	-166		-113	
TOTAL BANK DEBT	6,078	38.4	6,150	38.7	72		5,851	37.8	-227		-299	
BONDS												
Public Offering	4,045	25.6	4,017	25.3	-28		4,013	25.9	-32		-4	
Private Placements	1,321	8.4	1,331	8.4	10		1,284	8.3	-37		-47	
Subtotal	5,366	34.0	5,348	33.7	-18		5,297	34.2	-69		-51	
CONVENTIBLE DEBENTURES												
Public Offerings	3,475	22.0	3,493	22.0	18		3,468	22.4	-7		-25	
Private Placements	130	.8	112	.7	-18		112	.7	-18		0	
Subtotal	3,605	22.8	3,605	22.7	0		3,580	23.1	-25		-25	
TOTAL FUNDED DEBT	8,971	56.8	8,953	56.4	-18		8,877	57.3	-94		-76	
OTHER³	756	4.8	778	4.9	22		756	4.9	0		-22	
GRAND TOTAL**	15,805	100.0	15,881	100.0	76		15,484	100.0	-321		-397	
FOR. CUR. BORROWING	5,204	32.9***	5,294	33.3***	330		5,206	33.6***	2		-88	

1/ 2/ 3/ See notes on p. 18.

* See p. 18.

**Although Supplement F data were not collected for years prior to 1970, figures from FDI-102F and other sources for the prior years indicate total outstanding foreign borrowings at yearend in millions of dollars as follows:

1965	\$1,327	\$2,000	\$5,876	\$8,111	\$11,265	\$12,918	\$15,047
1966							
1967							
1968							
1969							
1970							
1971							
1972							

***Percent of total outstanding foreign borrowing for the respective year denominated in foreign countries.

Details may not add to totals due to rounding.

Notes to Tables II, III, IV, V, and VI

- 1/ Renewable or revolving credits, overdrafts, advances, or similar short-term borrowings with a stated or nominal face maturity of one year or less; borrowings with variable interest rate for which interest rates are fixed for periods of one year or less and which are repayable in one year or less; borrowings which consist of a bank commitment to lend under which individual loans of one year or less maturity are taken down, even though the general commitment may be for a longer period; and arrangements with foreign banks or with foreign branches of U.S. banks to discount commercial paper, or other arrangements to place similar short-term debt instruments directly with foreign lenders. Reported maturities beyond 1973 reflect expiration of line of credit agreements.
- 2/ Term loans or other borrowings from foreign banks or from foreign branches of U.S. banks with a stated maturity of more than one year.
- 3/ Other borrowings qualifying under § 324 or Subpart N of the FDIP, such as suppliers' credit and borrowings from foreign governments.
- * Does not include borrowing of foreign affiliates (except overseas finance subsidiaries). Borrowings by U.S.-incorporated international finance subsidiaries are included, as are other borrowings by the DI from non-affiliated foreign nationals, if the borrowings meet the criteria for long-term foreign borrowings.



INSTRUCTIONS FOR SUPPLEMENT F TO FDI-102/102F

Purpose

Supplement F requires certain Quarterly FDI-102 and Annual FDI-102F reporters to provide an itemized listing of foreign borrowings. The information will be used by the Office to analyze changes that have occurred in the amount and structure of long-term foreign (DI) and overseas (OFS) borrowings, and to identify new borrowings made during the first two months of 1974 for 1973 compliance under the provisions of § 306(e).

Who Must File

A DI is required to complete and file Supplement F if it is required to file a Supplement H with a 1973 quarterly report FDI-102 or annual report FDI-102F.

Supplement H must be filed with each quarterly report FDI-102 required to be filed, and with each annual report FDI-102F required to be completed, if the DI has made long-term foreign borrowing, or has made overseas borrowing through an OFS, during the period January 1, 1965 through February 28, 1974, which was outstanding at any time during 1973, and where applicable during the first two months of 1974.

General Reporting Instructions

At the top of Supplement F, reporters are required to: (1) indicate their OFDI identification number, name and address, (2) check the report filing box to note whether the Supplement is being filed with quarterly report FDI-102, estimated annual report FDI-102F, or final annual report FDI-102F, and (3) indicate the date the related quarterly or annual report is being filed.

Reporters filing Supplement F with 1973 Quarterly FDI-102 Reports or Annual Report FDI-102F must list each long-term foreign borrowing, as defined in § 324, or overseas borrowing, as defined in § 1401, outstanding as of the end of the reporting period or as of February 28, 1974, as appropriate. The reporter must group long-term foreign borrowings separately from overseas borrowings, and subtotal each category in column 10. List long-term foreign borrowings first. After completing Supplement F, check total on the Form against the corresponding amount on line 13 of the respective 1973 Quarterly Report FDI-102, Supplement H or Annual Report FDI-102F, Supplement H. The total on line 999, column 10, of Supplement F, must agree with the corresponding amount on line 13 for such items as reported on the Quarterly Report FDI-102, Supplement H, or Annual Report FDI-102F, Supplement H, as appropriate.

Column Instructions

Column (1) Line Number. Number each borrowing consecutively; e.g., 001 for the first borrowing, 002 for the second borrowing, and so forth; double space between loan items.

Column (2) Name of Foreign Lender. Enter an identifying name for the foreign lender of not more than 23 letters and spaces per line for each outstanding long-term foreign borrowing and overseas borrowing. For public offerings, indicate managing underwriter. For loans from a syndicate of banks, indicate lead bank and mark with the letter S.

Column (3) Currency Code. Enter code for currency in which outstanding borrowings are denominated (one code only):

US	U.S. Dollars	FR	French Francs
UK	Pounds Sterling	IT	Italian Lire
GE	German Marks	BE	Belgian Francs
SZ	Swiss Francs	JA	Japanese Yen
NL	Dutch Guilder	OC	Other Currencies (including multiple currency loans)

Column (4) Borrowing Code. Enter for each outstanding borrowing the most appropriate code letter (one code only):

- A Public offerings of long-term straight debt.
- B Public offerings of long-term convertible debt.
- C Private placements of long-term straight debt (placed directly or through investment bankers with a small group of investors; for loans made by commercial banks from deposit funds see E, R, or F below).
- D Private placements of long-term convertible debt (placed directly or through investment bankers with a small group of investors; for loans made by commercial banks from deposit funds see E, R, or F below).
- E Short-term renewable credits, overdrafts, advances, or similar borrowings with a stated or nominal face maturity of one year or less; borrowings with variable interest rates for which interest rates are fixed for periods of one year or less and which are repayable in one year or

less; and arrangements with foreign banks or with foreign branches of U.S. banks to discount commercial paper, or other arrangements to place similar short-term debt instruments directly with foreign lenders.

- R Loans taken down under revolving credit agreements of more than one year from foreign banks or from foreign branches of U.S. banks.
- F Term loans or other borrowings from foreign banks or from foreign branches of U.S. banks with a stated maturity of more than one year.
- G Other borrowings qualified under § 324 or § 1401 of the FDIR, such as suppliers' credit and borrowings from foreign governments.

Column (5) Lender Code

- 1 Foreign branch of U.S. bank (not as an underwriter; see 3 below).
- 2 Foreign commercial bank (not as an underwriter; see 3 below).
- 3 Investment banker (including foreign commercial banks acting as underwriters in a public offering or private placement).
- 4 Non-bank financial institution.
- 5 Other (including suppliers, foreign governmental agencies and individuals).

Column (6) Interest Rate. Enter the interest rate in effect at the end of the reporting period for Supplement Fs submitted with 1973 quarterly report FDI-102; or enter the interest rate in effect on February 28, 1974 for Supplement Fs submitted with 1973 annual report FDI-102F. Interest rates should be expressed in hundredths of a percent; i.e., 6 1/4% should be written as 06.25, and 6 5/8% as 06.63. If the rate is periodically determined by reference to an external market indicator or some other variable, enter the rate in effect at the end of the reporting period or February 28, 1974, as appropriate, followed by the letter V; e.g., a variable rate of 7 5/8% should be reported as 07.63V. Method of calculation of variable rates should be given in a note on an appended sheet, keyed to line numbers of loans; e.g., line 007—1% over London Interbank offering rate.

Column (7) Maturity. Enter the stated final maturity date (month, year) of the borrowing. Report in numerals; e.g., 10/76 for October 1976. If there is no stated maturity date, mark "open".

Column (8) Date Borrowed. Enter the date (month, year) of the foreign borrowing presently outstanding. Report in numerals; e.g., 10/69 for October 1969.

Column (9) Amount Borrowed. Enter the actual amount borrowed. For lines of credit or over-draft facilities, enter the amount actually used.

Column (10) Amount Outstanding as of End of Reporting Period or as of 2/28/74. On the second, third, and fourth quarterly report, enter the amount outstanding as of end of the reporting period for each line item. On the final report, enter the amount outstanding as of February 28, 1974 by line item. Group long-term foreign borrowings and subtotal in column 10. This subtotal should agree with the corresponding amount on line 12 of the respective 1973 quarterly report FDI-102, Supplement H, or annual report, FDI-102F, Supplement H, which it accompanies. Group overseas borrowings and subtotal in column 10. This subtotal should agree with the corresponding amount on line 06 of the respective 1973 quarterly report FDI-102, Supplement H, or annual report FDI-102F, Supplement H, which it accompanies. Place an F beside all amounts in column 10 that were borrowed by an overseas finance subsidiary (OFS). Amount outstanding should show principal amounts only and should not include interest arrearages.

Total all column 10 amounts on line 999 of the last page submitted. If more than one page of the form is used, indicate page number and total number of pages in box provided on form. Check total on line 999 of amount outstanding at the end of the reporting period or as of February 28, 1974, as appropriate, against corresponding amount (line 13) on the Form FDI-102/102F, Supplement H.

Column (11) First Call Provision. For public offerings and private placements of straight debt or convertible debt currently outstanding, enter the date (month, year) any call provision first becomes effective and the initial call price. Report the data in numerals; e.g., 12/70-105.25 for a borrowing first callable in December 1970 at a price of 105 1/4.

Column (12) Current Call Price. For public offerings and private placements of straight debt or convertible debt currently callable, enter the call price applicable to the end of the reporting period in numerals; e.g., 103.50 for a borrowing currently callable at a price of 103 1/2.

PENN STATE UNIVERSITY LIBRARIES



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